

**FISCAL IMPACT--CONSTRUCTION
HARRAH'S KANSAS**

Construction period-months 24
Opening date Aug-10

Proposer's Estimates: 2009-2010						
	<u>State</u>	<u>City of Mulvane</u>	<u>Sumner County</u>	<u>Sedgwick County</u>	<u>Mulvane Schools</u>	
<u>REVENUE:</u>						
Gaming Rev. Sharing	\$ 12,379,380	\$ 515,808	\$ 515,808	\$ 515,808	\$ -	
Property Tax	-	-	-	-	-	
Sales/Use Tax	-	-	158,512	-	-	
Income Tax	-	-	-	-	-	
Developer Contributions	4,706,055	9,387,060	-	-	-	
Total	\$ 17,085,435	\$ 9,902,868	\$ 674,320	\$ 515,808	\$ -	
<u>COSTS:</u>						
Law Enforcement	\$ -	\$ 4,670,791	\$ -	\$ -	\$ -	
Public Works	4,706,055	5,093,450	-	-	-	
Education	-	-	-	-	-	
Fire Protection	-	-	1,344,641	-	-	
EMS	-	-	465,108	-	-	
Total	\$ 4,706,055	\$ 9,764,241	\$ 1,809,749	\$ -	\$ -	
Surplus/(Deficit)	\$ 12,379,380	\$ 138,627	\$ (1,135,429)	\$ 515,808	\$ -	
Voluntary Contributions to State and Local Governments:						
1. Road/Street improvements estimated at \$4.7 million paid for by proposer (shown under state).						
2. Water/sewer improvements estimated at \$4.6 million paid for by proposer (shown under City).						
3. Storm drains estimated at \$0.46 million paid for by proposer (shown under City).						
4. Land, substation, and equipment for Law Enforcement, Fire and EMS estimated at \$4.3 million paid for by proposer (shown under City).						

Consultant's Estimates: 2009-2010						
	<u>State</u>	<u>City of Mulvane</u>	<u>Sumner County</u>	<u>Sedgwick County</u>	<u>Mulvane Schools</u>	
<u>REVENUE:</u>						
Gaming Rev. Sharing	\$ -	\$ -	\$ -	\$ -	\$ -	
Property Tax	170,406	6,058,488	6,411,682	-	5,450,254	
Sales/Use Tax	9,552,429	-	1,802,345	-	-	
Income Tax	6,584,591	-	-	-	-	
Building Fees	-	33,647	-	-	-	
Developer Contributions	4,706,055	9,387,060	-	-	-	
Total	\$ 21,013,480	\$ 15,479,195	\$ 8,214,027	\$ -	\$ 5,450,254	
<u>COSTS:</u>						
Law Enforcement	\$ -	\$ 2,333,980	\$ -	\$ -	\$ -	
Public Works	4,706,055	27,401,456	-	-	-	
Education	-	-	-	-	23,615,634	
Building Inspection	-	126,866	-	-	-	
Fire Protection/EMS	-	4,588,393	-	-	-	
Total	\$ 4,706,055	\$ 34,450,694	\$ -	\$ -	\$ 23,615,634	
Surplus/(Deficit)	\$ 16,307,425	\$ (18,971,499)	\$ 8,214,027	\$ -	\$ (18,165,380)	

Consultant's Comments:

1. City of Mulvane costs for public works include Wastewater, Water and Electric departments (see Consultant's Estimates).
2. Developers Contribution to State Public Works is \$4.7 million. As MBA's analysis does not estimate costs associated with this department, the analysis uses the costs provided by the developer.

**FISCAL IMPACT--12 MONTHS OPERATING
HARRAH'S KANSAS**

Proposer's Estimates-1st Full Year					
	<u>State</u>	<u>City of Mulvane</u>	<u>Sumner County</u>	<u>Sedgwick County</u>	<u>Mulvane Schools</u>
<u>REVENUE:</u>					
Gaming Rev. Sharing	\$ 49,517,520	\$ 2,063,230	\$ 2,063,230	\$ 2,063,230	
Property Tax					
Sales/Use Tax			634,048		
Income Tax					
Developer Contributions					
Total	\$ 49,517,520	\$ 2,063,230	\$ 2,697,278	\$ 2,063,230	\$ -
<u>COSTS:</u>					
Law Enforcement			\$ 251,282		
Public Works					
Education					
Fire Protection			392,083		
EMS			327,163		
Total	\$ -	\$ -	\$ 970,528	\$ -	\$ -
Surplus/(Deficit)	\$ 49,517,520	\$ 2,063,230	\$ 1,726,750	\$ 2,063,230	\$ -
Voluntary Contributions to Community and Governments (not included above):					

Consultant's Estimates: 1st Full Year					
	<u>State</u>	<u>City of Mulvane</u>	<u>Sumner County</u>	<u>Sedgwick County</u>	<u>Mulvane Schools</u>
<u>REVENUE:</u>					
Gaming Rev. Sharing	\$ 44,452,320	\$ 1,852,180	\$ 1,852,180	\$ 1,852,180	\$ -
Property Tax	129,506	4,604,372	4,872,795	-	4,142,122
Sales/Use Tax	1,590,292	-	300,055	-	-
Income Tax	1,787,404	-	-	-	-
Building Fees	-	-	-	-	-
Developer Contributions	-	-	-	-	-
Total	\$ 47,959,522	\$ 6,456,552	\$ 7,025,030	\$ 1,852,180	\$ 4,142,122
<u>COSTS:</u>					
Law Enforcement	\$ -	\$ 711,636	\$ 1,210,902	\$ -	\$ -
Public Works	-	660,053	-	-	-
Education	-	-	-	-	908,642
Building Inspection	-	-	-	-	-
Fire Protection/EMS	-	1,089,152	-	-	-
Total	\$ -	\$ 2,460,841	\$ 1,210,902	\$ -	\$ 908,642
Surplus/(Deficit)	\$ 47,959,522	\$ 3,995,712	\$ 5,814,128	\$ 1,852,180	\$ 3,233,480

Consultant's Comments:

Harrah's	GGR Estimate	\$ 206,323,000	Visitors/Day	8,609
Consultants	GGR Estimate	\$ 185,218,000	Visitors/Day	7,108

FISCAL IMPACT--3 YEAR SUMMARY*
HARRAH'S KANSAS

* 2 Years Construction + 1 Year Operating

Proposer's Estimates						
	<u>State</u>	<u>City of Mulvane</u>	<u>Sumner County</u>	<u>Sedgwick County</u>	<u>Mulvane Schools</u>	
<u>REVENUE:</u>						
Gaming Rev. Sharing	\$ 61,896,900	\$ 2,579,038	\$ 2,579,038	\$ 2,579,038	\$ -	
Property Tax	-	-	-	-	-	
Sales/Use Tax	-	-	792,560	-	-	
Income Tax	-	-	-	-	-	
Developer Contributions	4,706,055	9,387,060	-	-	-	
Total	\$ 66,602,955	\$ 11,966,098	\$ 3,371,598	\$ 2,579,038	\$ -	
<u>COSTS:</u>						
Law Enforcement	\$ -	\$ 4,670,791	\$ 251,282	\$ -	\$ -	
Public Works	4,706,055	5,093,450	-	-	-	
Education	-	-	-	-	-	
Fire Protection	-	-	1,736,724	-	-	
EMS	-	-	792,271	-	-	
Total	\$ 4,706,055	\$ 9,764,241	\$ 2,780,277	\$ -	\$ -	
Surplus/(Deficit)	\$ 61,896,900	\$ 2,201,857	\$ 591,321	\$ 2,579,038	\$ -	

Consultant's Estimates						
	<u>State</u>	<u>City of Mulvane</u>	<u>Sumner County</u>	<u>Sedgwick County</u>	<u>Mulvane Schools</u>	
<u>REVENUE:</u>						
Gaming Rev. Sharing	\$ 44,452,320	\$ 1,852,180	\$ 1,852,180	\$ 1,852,180	\$ -	
Property Tax	299,912	10,662,861	11,284,478	-	9,592,376	
Sales/Use Tax	11,142,720	-	2,102,400	-	-	
Income Tax	8,371,995	-	-	-	-	
Building Fees	-	33,647	-	-	-	
Developer Contributions	4,706,055	9,387,060	-	-	-	
Total	\$ 68,973,002	\$ 21,935,748	\$ 15,239,058	\$ 1,852,180	\$ 9,592,376	
<u>COSTS:</u>						
Law Enforcement	\$ -	\$ 3,045,616	\$ 1,210,902	\$ -	\$ -	
Public Works	4,706,055	28,061,508	-	-	-	
Education	-	-	-	-	24,524,276	
Building Inspection	-	126,866	-	-	-	
Fire Protection/EMS	-	5,677,545	-	-	-	
Total	\$ 4,706,055	\$ 36,911,535	\$ 1,210,902	\$ -	\$ 24,524,276	
Surplus/(Deficit)	\$ 64,266,947	\$ (14,975,787)	\$ 14,028,155	\$ 1,852,180	\$ (14,931,900)	

APPENDIX 1
BUILDOUT ASSUMPTIONS AND ESTIMATED CONSTRUCTION COST
AT FULL DEVELOPMENT

<u>YEAR</u>	<u>USE TYPE</u>	<u>SQUARE FEET CONSTRUCTED</u>	<u>ESTIMATED CONSTR. COST</u>	<u>ESTIM. CONSTR. MATERIALS COST</u>	<u>FF&E PURCHASES</u>
Year 1	Casino	23,000	\$ 25,131,991	\$ 7,843,241	\$ -
	Hotel	46,757	51,091,517	15,944,741	-
	Restaurants	13,842	15,124,724	4,720,154	-
	Entertainment	22,671	24,772,859	7,731,163	-
	Retail	866	945,910	295,201	-
Subtotal		107,136	117,067,000	36,534,500	-
Year 2	Casino	46,000	31,372,965	15,686,483	47,530,824
	Hotel	93,515	63,778,965	31,889,482	12,837,580
	Restaurants	27,683	18,880,614	9,440,307	3,800,334
	Entertainment	45,343	30,924,650	15,462,325	6,224,586
	Retail	1,731	1,180,806	590,403	237,675
Subtotal		214,272	146,138,000	73,069,000	70,631,000
TOTAL		321,408	\$ 263,205,000	\$ 109,603,500	\$ 70,631,000

APPENDIX 1, ASSUMPTIONS:

1. Construction of the development is estimated to take 24 months (August 2008 to August 2010).

	Sq. Footage	Other Information
Casino	69,000	2,000 slot machines, 50 table games
Hotel	140,272	140 guest rooms, 30 suites, and 5 pool villas
Restaurants	41,525	restaurants and bars
Entertainment	68,014	convention space, amphitheater, entertainment venue
Retail	2,597	
Total	321,408	

Source: Developer's application (final template).

2. Construction costs include only the gaming facility, not the additional development, and are estimated using above square footages and and cost breakdown provided by the developer in its template document (land is added in year 1, 33% of building are added in year 1, and remainder in year 2, FF&E added in year 2):

	Land	Building	FF&E*	Total**
	\$ 43,998,000	\$ 219,207,000	\$ 70,631,000	\$ 333,836,000

*FF&E-furniture, fixtures and equipment, including gaming equipment which is allocated to casino.

**Total amounts do not equal investment amounts as the analysis excludes soft costs such as engineering, architecture, finance and administration costs for property tax calculation purposes.

Source: Developer's application (final template).

3. Construction materials cost estimated at **50%** of building costs. This cost is estimated for sales tax purposes. Source: Discussions with commercial developers in Nevada.

APPENDIX 2
ESTIMATED PROPERTY TAX REVENUE AT
2007 PROPERTY TAX RATE

<u>YEAR</u>	<u>USE TYPE</u>	<u>EST. REAL PROPERTY VALUE</u>	<u>EST. PERSONAL PROPERTY VALUE</u>	<u>CUMULATIVE PROPERTY VALUE</u>	<u>ESTIMATED ASSESSED VALUE</u>	<u>MULVANE SCHOOL DIST. REVENUE</u>	<u>CITY OF MULVANE REVENUE</u>	<u>SUMNER COUNTY REVENUE</u>	<u>STATE OF KANSAS REVENUE</u>
Year 1	Casino	\$ 25,131,991	\$ -	\$ 25,131,991	\$ 6,282,998				
	Hotel	51,091,517	-	51,091,517	12,772,879				
	Restaurants	15,124,724	-	15,124,724	3,781,181				
	Entertainment	24,772,859	-	24,772,859	6,193,215				
	Retail	945,910	-	945,910	236,477				
Subtotal		117,067,000	-	117,067,000	29,266,750	\$ 1,404,102	\$ 1,560,796	\$ 1,651,786	\$ 43,900
Year 2	Casino	31,372,965	47,530,824	104,789,740	26,197,435				
	Hotel	63,778,965	12,837,580	129,240,807	32,310,202				
	Restaurants	18,880,614	3,800,334	38,259,414	9,564,853				
	Entertainment	30,924,650	6,224,586	62,665,281	15,666,320				
	Retail	1,180,806	237,675	2,392,768	598,192				
Subtotal		146,138,000	70,631,000	337,348,010	84,337,003	\$ 4,046,152	\$ 4,497,692	\$ 4,759,896	\$ 126,506
Year 3	Casino	-	-	106,507,508	26,626,877				
	Hotel	-	-	132,732,904	33,183,226				
	Restaurants	-	-	39,293,186	9,823,297				
	Entertainment	-	-	64,358,501	16,089,625				
	Retail	-	-	2,457,421	614,355				
Subtotal		-	-	345,349,520	86,337,380	\$ 4,142,122	\$ 4,604,372	\$ 4,872,795	\$ 129,506
TOTAL		\$ 263,205,000	\$ 70,631,000			\$ 9,592,376	\$ 10,662,861	\$ 11,284,478	\$ 299,912

APPENDIX 2, ASSUMPTIONS:

1. Tax rate will remain constant at 2007 amount:

Entity-Fund	Tax Rate*	*rate per \$1,000 of assessed value.
School District	\$ 47.9760	Rates include all funds for which property tax revenues are collected.
City	\$ 53.3300	
County	\$ 56.4390	
State	\$ 1.5000	

Source: "Budget Clerk Questionnaire" completed by representatives of the City of Mulvane, Kansas as provided by Kent Hixson, Manager, City of Mulvane.

2. Properties are valued using the fair market value approach. As no comparable sales data exists and this is considered to be a "new and unique" property, the analysis uses the replacement cost approach to value these properties. Source: "A Homeowner's Guide to Property Tax in Kansas." Kansas Department of Revenue.

3. Assessed value estimated at **25%** of appraised value for both real and personal property.

Source: "Budget Clerk Questionnaire" completed by representatives of the City of Mulvane, Kansas as provided by Kent Hixson, Manager, City of Mulvane.

4. Appraised value is inflated 3% annually for real property and not inflated for personal property to account for depreciation.

**APPENDIX 3
SALES TAX REVENUE**

<u>YEAR</u>		<u>SQUARE FT. BUILT</u>	<u>CONSTRUCTION MATERIALS COST (\$)</u>	<u>FF&E PURCHASES</u>	<u>RETAIL SALES</u>	<u>TOTAL TAXABLE SALES</u>	<u>SUMNER COUNTY REVENUE</u>	<u>STATE OF KANSAS REVENUE</u>
Year 1	Casino	23,000	\$ 7,843,241	\$ -	\$ -	\$ 7,843,241		
	Hotel	46,757	15,944,741	-	-	15,944,741		
	Restaurants	13,842	4,720,154	-	-	4,720,154		
	Entertainment	22,671	7,731,163	-	-	7,731,163		
	Retail	866	295,201	-	-	295,201		
Subtotal		107,136	36,534,500	-	-	36,534,500	\$ 365,345	\$ 1,936,329
Year 2	Casino	46,000	15,686,483	47,530,824	-	63,217,307		
	Hotel	93,515	31,889,482	12,837,580	-	44,727,062		
	Restaurants	27,683	9,440,307	3,800,334	-	13,240,641		
	Entertainment	45,343	15,462,325	6,224,586	-	21,686,911		
	Retail	1,731	590,403	237,675	-	828,078		
Subtotal		214,272	73,069,000	70,631,000	-	143,700,000	\$ 1,437,000	\$ 7,616,100
Year 3	Casino	-	-	-	-	-		
	Hotel	-	-	-	-	-		
	Restaurants	-	-	-	28,808,232	28,808,232		
	Entertainment	-	-	-	-	-		
	Retail	-	-	-	1,197,268	1,197,268		
Subtotal		-	-	-	30,005,501	30,005,501	\$ 300,055	\$ 1,590,292
TOTAL		321,408	\$ 109,603,500	\$ 70,631,000	\$ 30,005,501	\$ 210,240,001	\$ 2,102,400	\$ 11,142,720

APPENDIX 3, ASSUMPTIONS:

1. Sales tax rate is as follows:

Designation
1.000% County
5.300% State
6.300% TOTAL

Source: "All Jurisdictions and Rates in this Zip Code." Kansas Department of Revenue.

2. Materials Cost - 50% of construction cost is assumed to be materials cost.

Source: Discussion with Nevada contractors

3. Retail sales based on \$ **435** per square foot. Source: Developer's template for first year retail revenue divided by retail square footage.
Retail square footage in additional development is excluded.

F&B sales based on \$ **654** per square foot. Source: Developer's template for first year F&B revenue divided by F&B square footage.

Entertainment sales are not estimated as the developer does not provide sales estimates in the development template.

4. Year 3 assumes first full year of operation.

APPENDIX 4
LOTTERY GAMING CONTRIBUTION REVENUE

<u>YEAR</u>		<u>ESTIMATED GAMING REVENUE</u>	<u>CITY OF MULVANE REVENUE</u>	<u>SUMNER COUNTY REVENUE</u>	<u>SEDGWICK COUNTY REVENUE</u>	<u>STATE OF KANSAS REVENUE</u>	<u>STATE PROB. GAMBLING REVENUE</u>
Year 1	Casino	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Year 2	Casino	-	-	-	-	-	-
Year 3	Casino	185,218,000	1,852,180	1,852,180	1,852,180	40,747,960	3,704,360
TOTAL		\$ 185,218,000	\$ 1,852,180	\$ 1,852,180	\$ 1,852,180	\$ 40,747,960	\$ 3,704,360

APPENDIX 4, ASSUMPTIONS:

1. Estimated Gross Gaming Revenue (GGR) is the average GGR estimated in Wells and Cummings reports:

Wells GGR \$ 198,836,000

Cummings GGR 171,600,000

Average \$ 185,218,000

Source: "Kansas Casino Market Study" by Wells Gaming Research dated July 7, 2008 and "Projections for Likely Gaming Revenues" by Cummings Associates dated July 7, 2008.

2. Local government revenue is estimated as follows:

State of Kansas **22%** of all lottery gaming revenues.

State Prob. Gambling **2%** of all lottery gaming revenues.

Sumner County **1%** of all lottery gaming revenues.

Sedgwick County **1%** of all lottery gaming revenues.

City of Mulvane **1%** of all lottery gaming revenues.

Source: SB 66.

3. Year 3 assumes first full year of operation.

APPENDIX 5
STATE INCOME TAX REVENUE

<u>YEAR</u>		<u>ESTIMATED PAYROLL EXPENDITURES</u>	<u>ESTIMATED PAYROLL/ EMPLOYEE</u>	<u>STATE OF KANSAS INCOME TAX REVENUE</u>
Year 1	Construction	\$ 57,724,273	\$ 63,294	\$ 3,292,296
	Operating	-	-	-
Subtotal		57,724,273	63,294	3,292,296
Year 2	Construction	57,724,273	63,294	3,292,296
	Operating	-	-	-
Subtotal		57,724,273	63,294	3,292,296
Year 3	Construction	-	-	-
	Operating	36,407,155	30,672	1,787,404
Subtotal		36,407,155	30,672	1,787,404
TOTAL		\$ 151,855,701	\$ 157,260	\$ 8,371,995

APPENDIX 5, ASSUMPTIONS:

- Estimated construction payroll is provided by the Developer at **\$ 115,448,546** during the construction phase of the project. This includes salaries only, no benefits are included.
A total of **912** construction employees are estimated annually.
Source: Developer's application (final template).
Note: Above payroll estimates equal an hourly wage without benefits of \$30, which seems higher than comparable salaries in Kansas.
- Estimated on-going operating payroll is estimated at **\$ 36,407,155** per year at full operation. This includes salaries only, no benefit costs are included.
A total of **1,187** employees are estimated annually.
Source: Developer's application (final template).
- Personal income tax revenue for the State is estimated as follows, using a 2007 schedule:
For a single person:
Taxable income between \$0 and \$15,000 is taxed at 3.5%
Taxable income between \$15,000 and \$30,000 is taxed at 6.25% plus the tax calculated on the first \$15,000
Taxable income over \$30,000 is taxed at 6.45% plus the tax calculated on the first \$30,000
Source: Kansas Department of Revenue. 2007 Kansas Individual Income Tax schedule.

APPENDIX 6
ESTIMATED BUILDING PERMIT AND IMPACT FEE REVENUE

<u>FISCAL</u> <u>YEAR END</u>	<u>LAND</u> <u>USE</u>	<u># OF SQ.FT.</u> <u>BUILT</u>	<u>CONSTRUCTION</u> <u>VALUATION</u>	<u>BUILDING</u> <u>PERMIT</u> <u>REVENUE</u>	<u>PLAN CHECK</u> <u>FEE</u> <u>REVENUE</u>	<u>TOTAL</u> <u>REVENUE</u>
Year 1	Casino	69,000	\$ 10,908,900	\$ 20,392	\$ 13,255	\$ 33,647
	Hotel	140,272	19,537,084	-	-	-
	Restaurants	41,525	5,626,222	-	-	-
	Entertainment	68,014	12,079,286	-	-	-
	Retail	2,597	254,480	-	-	-
Total		321,408	\$ 48,405,973	\$ 20,392	\$ 13,255	\$ 33,647

APPENDIX 6, ASSUMPTIONS:

1. Construction Valuation is calculated as follows:

	<u>Suggested</u> <u>Value/Sq.Ft.</u>	
Casino	\$158.10	
Hotel	\$139.28	
Restaurants	\$135.49	
Entertainment	\$177.60	Source: "Building Valuation Data." Square Foot Construction Costs table provided by
Retail	\$97.99	Kent Hixson, City Manager, Mulvane, Kansas, values for IIB style construction.

Building permit fee revenue is estimated in Year 1 for the entire development prior to construction.

2. Building permit fee calculation:

\$ **3,052** per first \$ **1,000,000** plus \$ **1.75** for each additional \$ **1,000** of value.

Source: "Development of Lottery Gaming Facility in Mulvane Infrastructure Development and Cost" document provided by Kent Hixson, City Manager, Mulvane, Kansas.

3. Plan Check fee revenue calculated at **65.0%** of building permit revenue.

Source: "Development of Lottery Gaming Facility in Mulvane Infrastructure Development and Cost" document provided by Kent Hixson, City Manager, Mulvane, Kansas.

4. Revenue for mechanical, plumbing, and electrical permit fee and sewer tapping and water meter fees is not estimated as the construction details required for these estimates are unknown.

APPENDIX 7
SUMMARY OF ESTIMATED REVENUE

<u>YEAR</u>		<u>STATE OF KANSAS</u>	<u>SUMNER COUNTY</u>	<u>SEDGWICK COUNTY</u>	<u>CITY OF MULVANE</u>	<u>MULVANE SCHOOL DIST.</u>
Year 1	Property Tax	\$ 43,900	\$ 1,651,786	\$ -	\$ 1,560,796	\$ 1,404,102
	Sales Tax	1,936,329	365,345	-	-	-
	Gaming Revenue	-	-	-	-	-
	Income Tax Revenue	3,292,296	-	-	-	-
	Building Revenue	-	-	-	33,647	-
Subtotal		5,272,524	2,017,131	-	1,594,443	1,404,102
Year 2	Property Tax	126,506	4,759,896	-	4,497,692	4,046,152
	Sales Tax	7,616,100	1,437,000	-	-	-
	Gaming Revenue	-	-	-	-	-
	Income Tax Revenue	3,292,296	-	-	-	-
	Building Revenue	-	-	-	-	-
Subtotal		11,034,901	6,196,896	-	4,497,692	4,046,152
Year 3	Property Tax	129,506	4,872,795	-	4,604,372	4,142,122
	Sales Tax	1,590,292	300,055	-	-	-
	Gaming Revenue	44,452,320	1,852,180	1,852,180	1,852,180	-
	Income Tax Revenue	1,787,404	-	-	-	-
	Building Revenue	-	-	-	-	-
Subtotal		47,959,522	7,025,030	1,852,180	6,456,552	4,142,122
TOTAL		\$ 64,266,947	\$ 15,239,058	\$ 1,852,180	\$ 12,548,688	\$ 9,592,376

APPENDIX 7, ASSUMPTIONS:

1. State of Kansas revenue includes 2% gaming contribution revenue for problem gambling fund.

**APPENDIX 8
CITY OF MULVANE
POLICE DEPARTMENT COST PROJECTIONS**

<u>YEAR</u>	<u># OF NEW EMPLOYEES</u>	<u>SALARIES & BENEFITS</u>	<u>SERVICES/ SUPPLIES</u>	<u>CAPITAL CONSTR./ EQUIPMENT</u>	<u>TOTAL COST</u>
Year 1	0	\$ -	\$ -	\$ -	-
Year 2	0	-	-	2,333,980	2,333,980
Year 3	8	456,439	91,288	163,909	711,636
TOTAL	8	\$ 456,439	\$ 91,288	\$ 2,497,889	\$ 3,045,616

APPENDIX 8, ASSUMPTIONS:

- A total of **8** new employees will be required to service the development:

	# of Employees	Salary	Benefits	Total Cost
Officers	5	\$ 38,043	\$ 9,130	235,868
Detective	1	48,745	11,699	60,444
Sergeant	2	44,138	10,593	109,461
Total	8			\$ 405,773

Salary and benefits costs are increased 4% annually. Benefits are estimated at **24%** of salaries.
Source: "Police" questionnaire provided by Kent Hixson, City Manager, Mulvane, Kansas.
- Employee costs include a uniform allowance at **\$ 2,000** per officer. This cost is not added as it is estimated to be included under Services/Supplies above.
Source: "Police" questionnaire provided by Kent Hixson, City Manager, Mulvane, Kansas.
- Services/supplies are estimated at **20%** of salaries/benefits. Previous fiscal impact studies conducted by MBA.
- The following capital costs are expected to be incurred:
A total of 5 police vehicles (1.5 positions per vehicle) at a cost of **\$ 30,000** per vehicle. Maintenance cost is estimated at \$1,600 per vehicle annually. This amount is assumed to be included under Services/Supplies above.
Source: "Police" questionnaire provided by Kent Hixson, City Manager, Mulvane, Kansas.
- A substation will be constructed to add approximately **10,000** square feet of space at a cost of **\$ 200** per square foot. Furniture, fixtures, and equipment (FF&E) will be purchased at a cost of **\$ 200,000**
Source: "Police" questionnaire provided by Kent Hixson, City Manager, Mulvane, Kansas.
Construction and FF&E costs are inflated 3% annually.

**APPENDIX 9
CITY OF MULVANE
FIRE DEPARTMENT COST PROJECTIONS**

<u>YEAR</u>	<u># OF NEW EMPLOYEES</u>	<u>SALARIES & BENEFITS</u>	<u>SERVICES/ SUPPLIES</u>	<u>CAPITAL EQUIPMENT</u>	<u>TOTAL COST</u>
Year 1	0	\$ -	\$ -	\$ -	-
Year 2	0	-	-	4,588,393	4,588,393
Year 3	17	907,627	181,525	-	1,089,152
TOTAL	17	\$ 907,627	\$ 181,525	\$ 4,588,393	\$ 5,677,545

APPENDIX 9, ASSUMPTIONS:

1. A total of **17** new employees will be required to service the development:

	# of Employees	Salary	Benefits	Total Cost
MICT	8	36,254	8,701	359,644
Firefighter	6	38,043	9,130	283,041
Fire Lieutenants	<u>3</u>	<u>44,138</u>	<u>10,593</u>	164,192
Total	17			\$ 806,877

Salary and benefits costs are increased 4% annually. Benefits are estimated at

24% of salary.

Source: "Fire/EMS" questionnaire provided by Kent Hixson, City Manager, Mulvane, Kansas.

2. Services/supplies are estimated at **20%** of salaries/benefits. Previous fiscal impact studies conducted by MBA.
3. The following capital costs are expected to be incurred:

Quint Ladder Truck	\$ 750,000
Rescue Truck	200,000
Ambulance	<u>125,000</u>
	\$ 1,075,000

inflated 3% annually.

A new fire station will be required at a cost of **\$ 3,250,000** including construction and equipment costs.

This cost is inflated 3% annually.

Source: "Fire/EMS" questionnaire provided by Kent Hixson, City Manager, Mulvane, Kansas.

**APPENDIX 10
CITY OF MULVANE
WASTEWATER TREATMENT DEPARTMENT COST PROJECTIONS**

<u>YEAR</u>	<u># OF NEW EMPLOYEES</u>	<u>SALARIES & BENEFITS</u>	<u>SERVICES/ SUPPLIES</u>	<u>CAPITAL EQUIPMENT</u>	<u>TOTAL COST</u>
Year 1	0	\$ -	\$ -	\$ -	-
Year 2	0	-	-	7,191,311	7,191,311
Year 3	1	53,253	10,651	-	63,904
TOTAL	1	\$ 53,253	\$ 10,651	\$ 7,191,311	\$ 7,255,215

APPENDIX 10, ASSUMPTIONS:

1. A new Wastewater Operator will be required to service the development with an annual salary of \$ **26,070** and benefits of \$ **18,639** inflated **6%** annually, the weighted average historical salary and benefits increase for this position.
Source: "Wastewater Treatment" questionnaire provided by Kent Hixson, City Manager, Mulvane, Kansas.
2. Services/supplies are estimated at **20%** of salaries and benefits. This includes a \$4,100 employee uniform allowance.
Source: Previous fiscal impact studies conducted by MBA.
3. The following capital costs are expected to be incurred in 2008, inflated 3% annually:

Influent Pump Station	\$ 2,000,000
Aeration basin & digester	1,750,000
Cowskin Creek Pump Station	750,000
Cowskin Creek Crossing	45,000
River Crossing	225,000
14" Pressure Main	850,000
Sludge Disposal Land	400,000
21" Sewer Main Site to PS	700,000
Manholes	58,500
	\$ 6,778,500

Source: "Wastewater Treatment" questionnaire provided by Kent Hixson, City Manager, Mulvane, Kansas.

**APPENDIX 11
CITY OF MULVANE
WATER TREATMENT DEPARTMENT COST PROJECTIONS**

<u>YEAR</u>	<u># OF NEW EMPLOYEES</u>	<u>SALARIES & BENEFITS</u>	<u>SERVICES/ SUPPLIES</u>	<u>CAPITAL EQUIPMENT</u>	<u>TOTAL COST</u>
Year 1	0	\$ -	\$ -	\$ -	-
Year 2	0	-	-	7,903,705	7,903,705
Year 3	5	305,800	61,160	-	366,960
TOTAL	5	\$ 305,800	\$ 61,160	\$ 7,903,705	\$ 8,270,665

APPENDIX 11, ASSUMPTIONS:

1. A total of **5** new employees will be required to service the development.

	# of Employees	Salary	Benefits	Total Cost
Water Treatment Supervisor	1	\$ 40,382	\$ 13,435	\$ 53,817
Water Treatment Operator	3	32,026	19,158	153,552
Water Dist. Operator II	<u>1</u>	<u>30,485</u>	<u>18,881</u>	<u>49,366</u>
Total	5	\$ 102,893	\$ 51,474	\$ 256,735

Salary/benefits costs are inflated **6%** annually, the weighted average historical salary and benefits increase for these positions. Source: "Water Treatment" questionnaire provided by Kent Hixson, City Manager, Mulvane, Kansas.

2. Services/supplies are estimated at **20%** of salaries and benefits. This includes a \$4,100 employee uniform allowance.
Source: Previous fiscal impact studies conducted by MBA.

3. The following capital costs are expected to be incurred in 2008, inflated 3% annually:

1 MGD Reverse Osmosis WTP	\$ 4,200,000
16" DIP Distribution Pipe	1,105,000
Cowskin Creek Crossing	45,000
Refurbishing wells	175,000
13,000' of 14" pipe	650,000
River Crossing	150,000
Water Tower	<u>1,125,000</u>
	\$ 7,450,000

Source: "Water Treatment" questionnaire provided by Kent Hixson, City Manager, Mulvane, Kansas.

**APPENDIX 12
CITY OF MULVANE
ELECTRIC DISTRIBUTION DEPARTMENT COST PROJECTIONS**

<u>YEAR</u>	<u># OF NEW EMPLOYEES</u>	<u>SALARIES & BENEFITS</u>	<u>SERVICES/ SUPPLIES</u>	<u>CAPITAL EQUIPMENT</u>	<u>TOTAL COST</u>
Year 1	0	\$ -	\$ -	\$ -	-
Year 2	0	-	-	12,306,440	12,306,440
Year 3	3	190,990	38,198	-	229,188
TOTAL	3	\$ 190,990	\$ 38,198	\$ 12,306,440	\$ 12,535,628

APPENDIX 12, ASSUMPTIONS:

1. A total of **3** new employees will be required to service the development.

	# of Employees	Salary	Benefits	Total Cost
Utility Dept. Assistant	1	\$ 28,219	\$ 20,985	\$ 49,204
Lead Operator C	1	33,652	21,919	55,571
Lead Operator B	<u>1</u>	<u>33,652</u>	<u>21,919</u>	<u>55,571</u>
Total	3	\$ 95,523	\$ 64,823	\$ 160,346

Salary/benefits costs are inflated **6%** annually, the weighted average historical salary and benefits increase for these positions. Source: "Electric Distribution" questionnaire provided by Kent Hixson, City Manager, Mulvane, Kansas.

2. Services/supplies are estimated at **20%** of salaries and benefits. This includes a \$4,100 employee uniform allowance.
Source: Previous fiscal impact studies conducted by MBA.

3. The following capital costs are expected to be incurred in 2008, inflated 3% annually:

69KV Substation	\$ 3,500,000
69KV Transmission Line	2,100,000
7KV Substation	1,500,000
8MW Power Plant	<u>4,500,000</u>
	\$ 11,600,000

Source: "Electric Distribution" questionnaire provided by Kent Hixson, City Manager, Mulvane, Kansas.

**APPENDIX 13
CITY OF MULVANE
BUILDING INSPECTION DEPARTMENT COST PROJECTIONS**

<u>YEAR</u>	<u># OF NEW EMPLOYEES</u>	<u>SALARIES & BENEFITS</u>	<u>SERVICES/ SUPPLIES</u>	<u>CAPITAL EQUIPMENT</u>	<u>TOTAL COST</u>
Year 1	1	41,509 \$	8,302 \$	25,750 \$	75,561
Year 2	1	42,754	8,551	-	51,305
Year 3	0	-	-	-	-
TOTAL		\$ 84,263 \$	16,853 \$	25,750 \$	126,866

APPENDIX 13, ASSUMPTIONS:

1. A new Building Inspector will be required to service the development with an annual salary of \$ **32,500** and benefits of \$ **7,800** inflated **3%** annually, the weighted average historical salary and benefits increase for this position. Half of this position is added in Year 1 and the remainder in Year 2.
Source: "Development of Lottery Gaming Facility in Mulvane Infrastructure Development and Cost" document provided by Kent Hixson, City Manager, Mulvane, Kansas.
2. Services/supplies are estimated at **20%** of salaries and benefits. This includes a \$2,000 employee training allowance.
Source: Previous fiscal impact studies conducted by MBA.
3. The following capital costs are expected to be incurred in 2008, inflated 3% annually:

Computer	\$	2,000
Vehicle		20,000
Office furniture		3,000
	\$	25,000

Source: "Development of Lottery Gaming Facility in Mulvane Infrastructure Development and Cost" document provided by Kent Hixson, City Manager, Mulvane, Kansas.

**APPENDIX 14
CITY OF MULVANE
SUMMARY OF ESTIMATED COSTS**

<u>YEAR</u>	<u>POLICE DEPARTMENT</u>	<u>FIRE/EMS DEPARTMENT</u>	<u>WASTEWATER DEPARTMENT</u>	<u>WATER DEPARTMENT</u>	<u>ELECTRIC DISTRIBUTION</u>	<u>BUILDING INSPECTION</u>	<u>ADMIN. OVERHEAD</u>	<u>TOTAL COSTS</u>
Year 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,561	\$ 5,704	\$ 81,265
Year 2	2,333,980	4,588,393	7,191,311	7,903,705	12,306,440	51,305	2,595,005	36,970,138
Year 3	711,636	1,089,152	63,904	366,960	229,188	-	185,771	2,646,611
TOTAL	\$ 3,045,616	\$ 5,677,545	\$ 7,255,215	\$ 8,270,665	\$ 12,535,628	\$ 126,866	\$ 2,786,480	\$ 39,698,015

APPENDIX 14, ASSUMPTIONS:

- See Appendices 8-13 for detailed calculations of all department costs.
- Administrative overhead costs estimated at **8%** of all department costs estimated in this analysis.
Source: City of Mulvane Budget. Three-year average indirect costs as percent of direct costs (2006-2008) for the General Fund.

Direct	2006	2007	2008	Average
Street	181,664	308,715	321,702	270,694
Fire	347,109	165,095	184,054	232,086
Police	745,699	828,963	852,523	809,062
Parks/Mowing	176,520	195,463	189,700	187,228
Sports Complex	127,051	144,130	147,200	139,460
Municipal Court	65,582	83,650	92,825	80,686
Ambulance	313,868	334,756	371,386	340,003
Inspection	55,951	61,820	64,336	60,702
Fire District 2	12,095	17,000	18,500	15,865
Bindweed	3,653	3,000	3,000	3,218
Total	2,029,192	2,142,592	2,245,226	2,139,003
Indirect	2006	2007	2008	Average
Administration	144,087	157,461	157,000	152,849
Planning Commiss.	5,077	10,500	10,300	8,626
Total	149,164	167,961	167,300	161,475
% Indirect of Direct	7%	8%	7%	8%

**APPENDIX 15
SUMNER COUNTY
SHERIFF DEPARTMENT COST PROJECTIONS**

<u>YEAR</u>	<u># OF NEW EMPLOYEES</u>	<u>SALARIES & BENEFITS</u>	<u>SERVICES/ SUPPLIES</u>	<u>CAPITAL CONSTR./ EQUIPMENT</u>	<u>TOTAL COST</u>
Year 1	0	\$ -	\$ -	\$ -	-
Year 2	0	-	-	-	-
Year 3	9	740,161	470,742	83,240	1,294,142
TOTAL	9	\$ 740,161	\$ 470,742	\$ 83,240	\$ 1,294,142

APPENDIX 15, ASSUMPTIONS:

1. A total of **9** new employees will be required to service the development:

	# of Employees	Total Cost*
Patrol Officers	5	\$ 362,500
Detective	1	73,000
Detention Officers	5	222,500
Total	11	\$ 658,000

*Total Cost includes salary and benefits. Salary and benefits costs are increased 4% annually.

Source: Gerald Gilkey, Sumner County Sheriff.

3. Services/supplies and capital outlay are estimated as follows:

	2006	2005	Average
Personnel Services	\$ 939,491	\$ 863,355	\$ 901,423
Contractual (CC)	126,985	96,645	111,815
Commodities (CC)*	477,795	445,184	461,490
Capital Outlay (CO)	108,784	93,967	101,376
CC % of PS	64%	63%	64%
CO % of PS	12%	11%	11%

*Includes other jail expenses, juvenile detention, reimbursements and prisoner board costs.

Source: "Sumner County, Kansas Annual Financial Report" December 31, 2006. Two-year average (2005-2006) for the Sheriff's Department.

**APPENDIX 16
MULVANE SCHOOL DISTRICT
ESTIMATED COSTS**

<u>YEAR</u>	<u>SALARIES/ BENEFITS COSTS</u>	<u>SERVICES/ SUPPLIES COSTS</u>	<u>CAPITAL CONSTRUCTION COSTS</u>	<u>ESTIMATED TOTAL COSTS</u>
Year 1	\$ -	\$ -	\$ -	\$ -
Year 2	-	-	23,615,634	23,615,634
Year 3	757,202	151,440	-	908,642
TOTAL	\$ 757,202	\$ 151,440	\$ 23,615,634	\$ 24,524,276

APPENDIX 16, ASSUMPTIONS:

1. The following positions will be required to provide services to the children added by the development:

Position	# of Employees	Salary/Benefits	Total Costs
Principal	1	\$ 64,000	\$ 64,000
Clerical Staff	2	21,500	43,000
Teachers	10	48,060	480,600
Custodians	3	21,833	65,500
Cooks	3	13,333	40,000
	19		\$ 693,100

Salaries are inflated **3%** annually, based on weighted average 3-year salary increase for all positions.

Source: Dr. Donna Augustine-Shaw, Superintendent, Mulvane School District.

2. School services and supplies are estimated at **20%** of salary/benefits costs. Source: Previous fiscal impact studies conducted by MBA.

3. The following capital projects will be required:

Project	Square Footage	Cost/Sq.Ft.	Total Cost
New Elementary School	57,500	\$ 160.00	\$ 9,200,000
Grade School Gym Addition	8,000	170.00	1,360,000
High School Classroom Addition	65,000	180.00	11,700,000
Total	130,500		\$ 22,260,000

Cost is inflated 3% annually.

Source: Dr. Donna Augustine-Shaw, Superintendent, Mulvane School District.

APPENDIX 17
COMPARISON OF ESTIMATED REVENUE TO
ESTIMATED COSTS AND CUMULATIVE REVENUE SURPLUS

CITY OF MULVANE

<u>YEAR</u>	<u>PROJECT</u> <u>REVENUE</u>	<u>PROJECT</u> <u>COSTS</u>	<u>ANN'L REVENUE</u> <u>SURPLUS/</u> <u>(DEFICIT)</u>	<u>CUMUL.</u> <u>SURPLUS/</u> <u>(DEFICIT)</u>
Year 1	\$ 1,594,443	\$ 81,265	\$ 1,513,178	\$ 1,513,178
Year 2	4,497,692	36,970,138	(32,472,446)	(30,959,268)
Year 3	6,456,552	2,646,611	3,809,941	(27,149,327)
TOTAL	\$ 12,548,688	\$ 39,698,015	\$ (27,149,327)	

SUMNER COUNTY

<u>YEAR</u>	<u>PROJECT</u> <u>REVENUE</u>	<u>PROJECT</u> <u>COSTS*</u>	<u>ANN'L REVENUE</u> <u>SURPLUS/</u> <u>(DEFICIT)</u>	<u>CUMUL.</u> <u>SURPLUS/</u> <u>(DEFICIT)</u>
Year 1	\$ 2,017,131	\$ -	\$ 2,017,131	\$ 2,017,131
Year 2	6,196,896	-	6,196,896	8,214,027
Year 3	7,025,030	1,294,142	5,730,889	13,944,916
TOTAL	\$ 15,239,058	\$ 1,294,142	\$ 13,944,916	

*Only Sheriff department costs were estimated to compare to developer estimates; other impacts may include county roads, judicial, and other departments providing services to the development.

MULVANE SCHOOL DISTRICT

<u>YEAR</u>	<u>PROJECT</u> <u>REVENUE</u>	<u>PROJECT</u> <u>COSTS</u>	<u>ANN'L REVENUE</u> <u>SURPLUS/</u> <u>(DEFICIT)</u>	<u>CUMUL.</u> <u>SURPLUS/</u> <u>(DEFICIT)</u>
Year 1	\$ 1,404,102	\$ -	\$ 1,404,102	\$ 1,404,102
Year 2	4,046,152	23,615,634	(19,569,482)	(18,165,380)
Year 3	4,142,122	908,642	3,233,480	(14,931,900)
TOTAL	\$ 9,592,376	\$ 24,524,276	\$ (14,931,900)	

STATE OF KANSAS

<u>YEAR</u>	<u>PROJECT</u> <u>REVENUE</u>	<u>PROJECT</u> <u>COSTS*</u>	<u>ANN'L REVENUE</u> <u>SURPLUS/</u> <u>(DEFICIT)</u>	<u>CUMUL.</u> <u>SURPLUS/</u> <u>(DEFICIT)</u>
Year 1	\$ 5,272,524	\$ -	\$ 5,272,524	\$ 5,272,524
Year 2	11,034,901	-	11,034,901	16,307,425
Year 3	47,959,522	-	47,959,522	64,266,947
TOTAL	\$ 64,266,947	\$ -	\$ 64,266,947	

*No costs associated with this development are estimated for the State of Kansas on the assumption that all gaming facility-related costs will be covered by revenue generated by the development. However, it is expected that costs will be incurred by the Highway Patrol, Department of Transportation (highway maintenance), Department of Racing and Gaming, and the Kansas Lottery among others.